

STATE OF INDIANA)
) SS: BEFORE THE INDIANA
COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)

CIGNA HealthCare of Indiana, Inc.)
900 Cottage Grove Road, B228)
Hartford, Connecticut 06152)

Examination of CIGNA HealthCare of Indiana, Inc.

NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Carol Cutter, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of CIGNA HealthCare of Indiana, Inc., any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on December 17, 2009 has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of CIGNA HealthCare of Indiana, Inc. shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

Date

January 8, 2010

Connie Ridinger
Connie Ridinger, CPA, CFE
Chief Examiner/Deputy Commissioner

CERTIFIED MAIL NUMBER: 7004 1160 0000 3839 1739

STATE OF INDIANA) BEFORE THE INDIANA
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COUNTY OF MARION) COMMISSIONER OF INSURANCE

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CIGNA HealthCare of Indiana, Inc.)
900 Cottage Grove Road, B228)
Hartford, Connecticut 06152)

Examination of CIGNA HealthCare of Indiana, Inc.

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the CIGNA HealthCare of Indiana, Inc. (hereinafter "Company") for the time period January 1, 2004 through December 31, 2008.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on December 11, 2009.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on December 17, 2009 and was received by the Company on December 23, 2009.

The Company did not file any objections.


NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the CIGNA HealthCare of Indiana, Inc. as of December 31, 2008.
2. That the Examiners' Recommendations are reasonable and necessary in order for the CIGNA HealthCare of Indiana, Inc. to comply with the laws of the State of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Signed and Sealed this 8th day of
January, 2010.


Carol Cutter
Insurance Commissioner

STATE OF INDIANA

Department of Insurance

REPORT OF EXAMINATION

OF

CIGNA HEALTHCARE OF INDIANA, INC.

NAIC Co. CODE 95525

As of

December 31, 2008

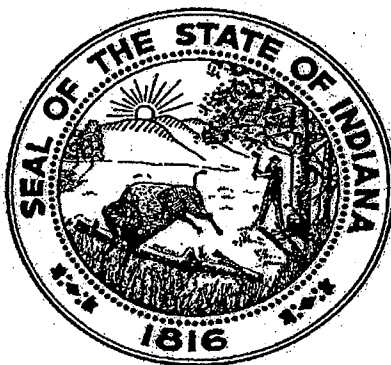


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STATE OF INDIANA

MITCHELL E. DANIELS, JR., Governor

IDOI

INDIANA DEPARTMENT OF INSURANCE
311 W. WASHINGTON STREET, SUITE 300
INDIANAPOLIS, INDIANA 46204-2787
TELEPHONE: (317) 232-2385
FAX: (317) 232-5251

CAROL CUTTER, Commissioner

December 11, 2009

Honorable Alfred W. Gross
Chair, NAIC Financial Condition (E) Committee
Commissioner, Virginia Bureau of Insurance
State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219

Honorable Carol Cutter
Commissioner, Indiana Department of Insurance
311 W. Washington Street, Suite 300
Indianapolis, Indiana 46204-2787

Dear Commissioners:

Pursuant to the authority vested in Appointment Number 3581, an examination has been made of the affairs and financial condition of:

CIGNA HealthCare of Indiana, Inc.
900 Cottage Grove Road
Bloomfield, CT 06002

an Indiana limited service health maintenance organization hereinafter referred to as the "Company". The examination was conducted at the offices of Noble Consulting Services, Inc. in Indianapolis, Indiana.

The Report of Examination, reflecting the status of the Company as of December 31, 2008, is hereby respectfully submitted.

ACCREDITED BY THE
NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES
(317) 232-2413

COMPANY COMPLIANCE
(317) 233-0697

CONSUMER SERVICES
(317) 232-2395
In-State 1-800-622-4461

EXAMINATIONS / FINANCIAL SERVICES
(317) 232-2390

MEDICAL MALPRACTICE
(317) 232-2402

SECURITIES / COMPANY RECORDS
(317) 232-1991

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (IDOI) as of the period ending December 31, 2005. The present examination was conducted by Noble Consulting Services, Inc. (Noble) and covered the period from January 1, 2006 through December 31, 2008 and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

In conducting the examination, the IDOI, by its representatives, relied upon the independent audit report and opinion contained therein rendered by PricewaterhouseCoopers LLP for the examination period. Such reports were prepared on a statutory basis and reconciled to the financial statements contained in the Annual Statements.

Merlinos & Associates, Inc. was appointed by the IDOI and conducted a review of the Company's statutory reserves as of December 31, 2008. There were no actuarial adjustments or recommendations resulting from the review performed by Merlinos & Associates, Inc.

Additionally, Noble conducted a review of information systems controls. Although no material findings were noted, a detailed report of specific recommendations was provided to management.

The examination was conducted in accordance with procedures and guidelines prescribed by the National Association of Insurance Commissioners (NAIC) for the purpose of determining the Company's financial condition. Examination procedures included the verification and evaluation of assets, determinations of liabilities, review of income and disbursement items, minutes, corporate documents, and other records to the extent deemed necessary.

HISTORY

The Company is a federally qualified health maintenance organization, which commenced operations on September 2, 1986. The Company is a wholly-owned subsidiary of Healthsource, Inc. (the Parent), which is an indirect wholly-owned subsidiary of CIGNA Corporation (CIGNA).

The Company is domiciled in Indiana and provides a range of health care benefit services including basic physician and hospital services, outpatient services, emergency room treatment, mental health and substance abuse treatments through CIGNA Behavioral Health, Inc.

CAPITAL AND SURPLUS

The Company has 20,000 shares authorized and 10,000 shares issued and outstanding. The par value is \$0.01 per share. All shares are Class A shares. The Company has no preferred stock outstanding. On September 29, 2008, the Company paid an ordinary cash dividend of \$1,490,000 to CIGNA. No other dividends were paid during the examination period.

TERRITORY AND PLAN OF OPERATION

The Company is licensed to transact business exclusively in Indiana and only offers an HMO product. The Company recognizes that many employers still require access to traditional HMO coverage, and it currently has no plans to limit those HMO offerings. The Company continues its focus on improving

operational effectiveness and the financial results of its healthcare operations. The Company concentrates on improving medical membership results, lowering medical cost trends, continuing to deliver quality member service, and lowering administrative expenses.

GROWTH OF THE COMPANY

The following exhibit summarizes the financial results of the Company as reported during the examination period:

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Capital & Surplus</u>	<u>Net Premium Income</u>	<u>Net Income (Loss)</u>
2008	\$ 8,405,640	\$ 2,028,317	\$ 6,377,321	\$ 13,270,851	\$ 152,231
2007	11,579,006	3,866,762	7,712,243	30,194,352	1,492,281
2006	11,696,195	5,376,075	6,320,120	45,183,276	(765,739)

Admitted assets decreased approximately \$3.2 million from 2007 to 2008. The decrease is primarily due to the \$1.49 million ordinary dividend in 2008 and uncollected premiums decreasing due to the reduced premiums in 2008.

Liabilities decreased \$1.8 million from 2007 to 2008. This is consistent with the 48% decrease in membership. Capital and surplus decreased \$1.3 million from 2007 to 2008 which was primarily the result of the ordinary dividend paid.

Net premium income decreased \$16.9 million from 2007 to 2008 which was primarily due to a reduced number of members. Membership decreased from 5,500 at year-end 2007 to 2,800 at year-end 2008. The decrease reflects the strategic decision to maintain underwriting discipline in a competitive environment while focusing on lowering medical costs. In addition, the Company is experiencing a decrease in membership as insureds are changing to consumer directed health plans from traditional HMO products.

Net income decreased \$1.3 million from 2007 to 2008. This correlates to the reductions experienced in premiums, premiums per member per month, and overall membership. From 2006 to 2007, net income increased \$2.3 million. In 2007, the Company had an underwriting gain of \$1.2 million, while in 2008, the Company had a net underwriting loss of \$2.5 million. Moreover, from 2006 to 2007, federal and foreign income taxes incurred increased \$1.5 million.

MANAGEMENT AND CONTROL

Directors

CIGNA HealthCare of Indiana, Inc. is managed and controlled by a Board of Directors. The Company's Bylaws state that the Board of Directors shall consist of not more than eight (8) members. The Board members are elected by the shareholder at the annual meeting. The following is a listing of persons serving as Directors as of December 31, 2008:

Name and Residence

David Goldberg
Hartford, CT

Sue A. Podbielski
Glenview, IL

Principal Occupation

Financial Analysis Director, Healthcare
Connecticut General Life Insurance Company

General Manager, CIGNA HealthCare Middle Market Segment
Connecticut General Life Insurance Company

Officers

The Company's Bylaws state that the principal officers of the Company shall be chosen by the Board of Directors and hold office until the next annual meeting of the Board until his or her successor shall have been elected and qualified or until his or her death, resignation, removal by the shareholders of the Company, or failure to qualify to so serve. Officers shall consist of a Chairman of the Board, a President, Vice President, Treasurer, Secretary and Assistant Officers. Any two (2) or more offices may be held by the same person, and for any reason that the Board of Directors may deem sufficient, they may transfer or delegate the powers or duties of any officers to any other officer or officers for such length of time as the Board of Directors may determine. The following is a list of key officers and their respective titles as of December 31, 2008:

<u>Name</u>	<u>Office</u>
Sue A. Podbielski	President
Shermona S. Mapp	Secretary
Scott R. Lambert	Treasurer
Joseph L. Lessard	Assistant Secretary
William A. McGean	Vice President
David Goldberg	Vice President
Kathleen M. Hockmuth	Vice President
Anthony Perez	Vice President
Vincent L. Shreckengast	Vice President
Edward V. Stacey, Jr.	Vice President
Leslie N. Campbell	Vice President
John P. Frey	Vice President
Aslam M. Khan M.D., M.M.	Vice President
Robert D. Picinich	Vice President
Joseph E. Turgeon III	Vice President
Thomas J. Garvey	Vice President
Glenn M. Gerhard	Vice President
Barry R. McHale	Vice President

David M. Porcello

Vice President

Scott R. Lambert

Vice President

CONFLICT OF INTEREST

The Company requires all employees to complete an annual ethics refresher course. In addition, all employees are required to complete an Affirmation Statement on an annual basis confirming their understanding of and compliance with the Code. The officers and Directors listed in the management and control section of this Report of Examination have completed an Affirmation Statement.

CORPORATE RECORDS

Articles of Incorporation and Bylaws

The Articles of Incorporation and Bylaws were not amended during the examination period.

Minutes

The Board of Directors and Shareholder meeting minutes were reviewed for the period under examination through the fieldwork date and significant actions taken during each meeting were noted. It was noted that the annual meetings and other regular Board meetings were held in accordance with the Company's Bylaws.

AFFILIATED COMPANIES

Organizational Structure

An organization chart, which only lists the upstream affiliates as the list is too voluminous to list all affiliates, depicting the Company's relationship with its parent and other insurance affiliates, as of December 31, 2008 is presented below.

CIGNA Corporation

CIGNA Holdings, Inc.

Connecticut General Corporation

CIGNA Health Corporation

Healthsource, Inc.

CIGNA HealthCare of Indiana, Inc. IN

Affiliated Agreements

The following affiliated agreements and transactions were disclosed as part of the Form B – Holding Company Registration Statement, which was filed with the IDOI in accordance with IC 27-1-23-4:

Line of Credit Agreement

The Line of Credit Agreement is by and between the Company and CIGNA Health Corporation (CHC). Under this agreement, CHC provides short-term funds to the Company to meet operational cash obligations while earning additional investment income.

Management Services Agreement

The Management Services Agreement, as of January 1, 2001 and amended January 1, 2004, is by and between CIGNA HealthCare Inc. and each of its Healthplan subsidiaries or affiliates. This agreement represents the primary management services agreement for the Company. Under this agreement, services are provided in return for agreed upon fees. Services provided under the agreement are comprehensive in nature and include sales and marketing, underwriting, premium billing and collection, claims processing and payment, membership services, legal, financial reporting, actuarial and banking services. In addition, each Healthplan's fiscal stability, level of services and quality of care are monitored. In 2008, the Company paid fees of \$1,886,368 under this agreement.

Network Access Agreement

The Network Access Agreement is by and between Connecticut General Life Insurance Company and certain subsidiaries of CIGNA Corporation, including the HMOs. This agreement allows access to the networks of participating providers maintained by affiliated HMOs. An HMO may provide to or receive from other participants certain administrative services associated with network access. The duties of the Company include maintaining a panel of participating providers who shall provide medical services to participate on the terms set forth in their service agreements. In 2008, there were no administrative fees paid under this agreement.

Mental Health Services Agreement

This agreement is by and between CIGNA Behavioral Health, Inc. and CHC on behalf of their respective subsidiaries and affiliates, including HMOs. CIGNA Behavioral Health, Inc. provides mental health and substance abuse services to the enrollees of the HMOs. Clinics shall be responsible for managing the services covered by the agreement for any enrollee. Both inpatient and outpatient care is covered, and the Company paid fees in 2008 of \$475,512.

Tel-Drug Agreement

The Tel-Drug Agreement effective January 1, 2005, is by and between CHC subsidiaries and affiliates including Tel-Drug, Inc. and Tel-Drug of Pennsylvania, LLC. Under the agreement, Tel-Drug, Inc. and Tel-Drug of Pennsylvania, LLC, provide mail order pharmaceutical services. They are independent contractors, which maintain separate duly licensed and established mail-order pharmacies each in different states. A management team is assigned to be available on the Company's Bloomfield, Connecticut premises on a full-time basis and to perform educational training meetings. In 2008, the Company paid no fees under this agreement.

Dental Consultation Agreement

The Dental Consultation Agreement is between CIGNA Dental Health, Inc. and the HMOs. Pursuant to this agreement CIGNA Dental Health, Inc. provides dental consultations at the request of the Company for selected dental cases relative to the services provided under the members' HMO contract. In 2008, the Company paid no fees under this agreement.

Investment Advisory Agreement

The Company participates in an Investment Advisory Agreement, as amended, with its affiliate, CIGNA Investments, Inc. Under the agreement, CIGNA Investments, Inc. is the investment adviser to the Company. In 2008, the paid fees were \$11,313 under this agreement.

Intercompany Service Agreement

The Intercompany Service Agreement is by and between International Rehabilitation Associates, Inc. (Intracorp), Connecticut General Life Insurance Company and CHC on behalf of certain of its subsidiaries, including the Company. Intracorp provides consultative services with respect to utilization, case, demand, disease, and care management as well as any other consultative services in conjunction with the administration of such plans to the enrollees of the participating HMOs. In 2008, fees in the amount of \$108,510 were paid under this agreement.

Access Premium Billing Authorization Agreement

The CIGNA Health Access Premium Billing Authorizations Agreement is by and between Connecticut General Life Insurance Company and the HMOs. The HMOs offer group and individual standard service agreements providing coverage of "in-network" health care services, and Connecticut General Life Insurance Company supplements the HMOs' service agreements by providing group insurance coverage of "out-of-network" health care services. There were no fees paid under this agreement in 2008.

Consolidated Tax Allocation Agreement

The Company participates in an Amended and Restated Consolidated Federal Income Tax Agreement by and between CIGNA Corporation and certain of its subsidiaries. Pursuant to this agreement, tax payments are paid to CIGNA Corporation based on taxable income of the Company. In the case of a taxable loss, CIGNA Corporation will pay the Company a refund based on the taxable loss, but only to the extent CIGNA Corporation is able to utilize the loss in the consolidated tax return.

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by U.S. Specialty Insurance Company and Axis Reinsurance Company. The bond provides coverage of \$5,000,000. The fidelity bond is adequate to meet the prescribed minimum coverage specified by NAIC.

The Company had additional types of coverage in-force at December 31, 2008 including, but not limited to: general, automobile, excess/umbrella, workers' compensation, and employers' liability.

STATUTORY AND SPECIAL DEPOSITS

The Company reported a statutory deposit for the State of Indiana with a book value of \$554,973 and a fair value of \$573,384 at December 31, 2008.

RESERVES

David A. Tobin, FSA, MAAA, Actuarial Senior Director, an officer of Connecticut General Life Insurance Company, reviewed the loss reserves, actuarial liabilities, and related items included in the Annual Statement of the Company as prepared for filing with state regulatory officials as of December 31, 2008.

The scope of the opinion was to examine the actuarial assumptions and methods used in determining loss reserves, actuarial liabilities, and related items, as shown in the Annual Statement of the Company as prepared for filing with state regulatory officials. In forming the opinion, listings and summaries of policies and contracts and other liabilities in force prepared by the Company was relied upon. This information was evaluated for reasonableness and consistency. In other respects, the examination included such review of the actuarial assumptions and methods used and such tests of the calculations as considered necessary.

The 2008 opinion stated that the balances of claims unpaid and unpaid claims adjustment expense 1) are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles, 2) are based on actuarial assumptions relevant to contract provisions and appropriate to the purpose for which the statement was prepared, 3) meet the requirements of the laws of the state of Indiana, 4) make a good and sufficient provision for all unpaid claims and other actuarial liabilities of the organization under the terms of its contracts and agreements, and 5) include appropriate provision for all actuarial items which ought to be established.

During the examination, it was determined that the material actuarial items in the Annual Statement of the Company are materially correct and fairly stated in accordance with statutory accounting practices prescribed or permitted by the Commissioner of Insurance of the State of Indiana.

ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The trial balances prepared from the Company's general ledger for the years ended December 31, 2008 and 2007 were materially agreed to the respective Annual Statements. The Annual Statements for the years ended December 31, 2006 through December 31, 2008 were agreed to each year's independent audit report without material exception.

CIGNA HEALTHCARE OF INDIANA, INC.

FINANCIAL STATEMENTS

Assets

	As of December 31, 2008			December 31, Prior Year
	Per Annual Statement	Examination Adjustments	Per Examination	
Assets:				
Bonds	\$ 6,944,680	\$ -	\$ 6,944,680	\$ 7,000,847
Cash, cash equivalents and short-term investments	1,138,073	-	1,138,073	2,971,469
Subtotals, cash and invested assets	\$ 8,082,753	\$ -	\$ 8,082,753	\$ 9,972,316
Investment income due and accrued	63,180	-	63,180	61,219
Uncollected premiums and agents' balances in the course of collection	226,484	-	226,484	1,495,781
Net deferred tax asset	33,223	-	33,223	49,682
Aggregate write-ins for other than invested assets	-	-	-	8
Total assets	<u>\$ 8,405,640</u>	<u>\$ -</u>	<u>\$ 8,405,640</u>	<u>\$ 11,579,006</u>

CIGNA HEALTHCARE OF INDIANA, INC.**FINANCIAL STATEMENTS****Liabilities, Capital and Surplus**

	As of December 31, 2008			December 31, Prior Year
	Per Annual Statement	Examination Adjustments	Per Examination	
Liabilities:				
Claims unpaid	\$ 913,920	\$ -	\$ 913,920	\$ 2,870,710
Unpaid claims adjustment expenses	18,972	-	18,972	64,800
Premiums received in advance	953	-	953	-
Current federal and foreign income tax payable and interest thereon	276,334	-	276,334	208,242
Amounts due to parent, subsidiaries and affiliates	544,075	-	544,075	683,823
Aggregate write-ins for other liabilities	274,063	-	274,063	39,187
Total liabilities	\$ 2,028,317	\$ -	\$ 2,028,317	\$ 3,866,762
 Common capital stock	\$ 100	\$ -	\$ 100	\$ 100
Gross paid in and contributed surplus	26,748,244	-	26,748,244	26,748,244
Unassigned funds (surplus)	(20,371,023)	-	(20,371,023)	(19,036,101)
Total capital and surplus	\$ 6,377,321	\$ -	\$ 6,377,321	\$ 7,712,243
Total liabilities, capital and surplus	\$ 8,405,638	\$ -	\$ 8,405,638	\$ 11,579,005

CIGNA HEALTHCARE OF INDIANA, INC.

FINANCIAL STATEMENTS

Statement of Revenue and Expenses

	As of December 31, 2008			December 31, Prior Year
	Per Annual Statement	Examination Adjustments	Per Examination	
Member Months	37,828	-	37,828	73,735
Net premium income	\$ 13,270,851	\$ -	\$ 13,270,851	\$ 30,194,352
Total revenues	\$ 13,270,851	\$ -	\$ 13,270,851	\$ 30,194,352
Hospitals and Medical:				
Hospital/medical benefits	\$ 8,269,142	\$ -	\$ 8,269,142	\$ 18,258,922
Other professional services	366,510	-	366,510	668,805
Outside referrals	668,278	-	668,278	1,257,538
Emergency room and out-of-area	726,946	-	726,946	1,526,646
Prescription drugs	2,053,370	-	2,053,370	5,323,531
Net reinsurance recoveries	121,980	-	121,980	175,745
Total hospital and medical	\$ 11,962,266	\$ -	\$ 11,962,266	\$ 26,859,697
Claims adjustment expenses	258,747	-	258,747	744,400
General administrative expenses	1,103,373	-	1,103,373	1,768,418
Increase in reserves for life and accident and health contracts	-	-	-	(400,000)
Total underwriting deductions	\$ 13,324,386	\$ -	\$ 13,324,386	\$ 28,972,515
Net underwriting gain or (loss)	\$ (53,535)	\$ -	\$ (53,535)	\$ 1,221,837
Net investment income earned	\$ 324,762	\$ -	\$ 324,762	\$ 478,655
Net realized capital gains (losses)	(537)	-	(537)	715
Net investment gains	\$ 324,225	\$ -	\$ 324,225	\$ 479,370
Net income or (loss) after capital gains tax and before all other federal income taxes	\$ 270,690	\$ -	\$ 270,690	\$ 1,701,207
Federal and foreign income taxes incurred	118,459	-	118,459	208,926
Net income	\$ 152,231	\$ -	\$ 152,231	\$ 1,492,281
Capital and Surplus Account:				
Capital and surplus prior-reporting year	\$ 7,712,244	\$ -	\$ 7,712,244	\$ 6,320,120
Net income	\$ 152,231	\$ -	\$ 152,231	\$ 1,492,281
Change in net deferred income tax	91,205	-	91,205	(389,984)
Change in nonadmitted assets	(88,358)	-	(88,358)	289,827
Dividend to stockholders	(1,490,000)	-	(1,490,000)	-
Net change in capital and surplus	\$ (1,334,922)	\$ -	\$ (1,334,922)	\$ 1,392,124
Capital and surplus end of reporting year	\$ 6,377,322	\$ -	\$ 6,377,322	\$ 7,712,244

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to surplus as of December 31, 2008 based on the results of this examination.

OTHER SIGNIFICANT ISSUES

There were no other significant issues.

SUBSEQUENT EVENTS

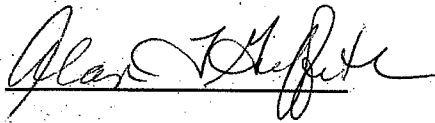
There were no significant subsequent events noted after year end December 31, 2008.

MANAGEMENT REPRESENTATION

In support of contingencies and accuracy of information provided during the course of the examination, the Examiners obtained a completed management representation letter in the standard NAIC format. This letter was executed by key financial personnel of the Company and provided to the IDOI.

CONCLUSION

The preceding report of examination of CIGNA HealthCare of Indiana, Inc. as of December 31, 2008 reflects its financial condition in accordance with the National Association of Insurance Commissioners Accounting Practices and Procedures Manual and any and all prescribed and permitted accounting practices of the Indiana Department of Insurance. An Affidavit of the Examiner-in-Charge, James M. Kattman, CFE, is on file with the Indiana Department of Insurance and attests that the examination was performed in a manner consistent with the standards and procedures required by the Indiana Department of Insurance and the National Association of Insurance Commissioners Financial Condition Examiners Handbook. Based on my review, to the best of my knowledge, the examination was performed in a manner consistent with those standards and procedures and properly reflects the financial condition of CIGNA HealthCare of Indiana, Inc.



Alan T. Griffith, CFE
Examinations Manager
Indiana Department of Insurance